

Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PRS-01 /058 W

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R 140825Z NOV 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 1297

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E.O. 11652: N/A

TAGS: EFIN, GR

SUBJECT: EXIMBANK: TUTINO MISSION TO GREECE

REF: (A) ATHENS 2968; (B) ATHENS 8040; (C) ATHENS 8649

1. SUMMARY AND COMMENT: EXIMBANK TEAM LEAD BY EXECUTIVE VICE PRESIDENT MATTHEW TUTINO VISITED ATHENS NOVEMBER 6-11 FOR DISCUSSIONS WITH KEY GOVERNMENT OFFICIALS AND LEADERS OF LOCAL BUSINESS COMMUNITY. LOCAL REACTION WAS VERY POSITIVE, WITH MEETINGS CHARACTERIZED BY OPEN AND FRIENDLY EXCHANGES. THE CONTINUING INTEREST OF GOG LEADERSHIP IN EXPANDED EXIMBANK FINANCING, AGAINST THE BACKGROUND OF CURRENT BALANCE OF PAYMENTS PROBLEMS AND GOG FIVE-YEAR PLAN, WAS ILLUSTRATED BY THE WARM RECEPTION GIVEN TO THE TEAM BY THE COORDINATION AND FINANCE MINISTERS, AND BANK OF GREECE GOVERNOR. FROM EMBASSY POINT OF VIEW, THE VISIT WAS BOTH TIMELY AND USEFUL. THE VALUE OF PERSONAL CONTACT IN BUSINESS DEALINGS IN GREECE CANNOT BE OVERSTATED, AND THE DISCUSSIONS CONDUCTED HERE, BOTH AT THE POLICY AND THE TECHNICAL LEVEL, HAVE EFFECTIVELY CONVEYED THE DESIRE OF EXIMBANK TO RESPOND POSITIVELY TO OPPORTUNITIES HERE WITH SIGNIFICANT EXPANSION OF CURRENT RELATIVELY LOW EXPOSURE. WE BELIEVE THAT THE VISIT HAS CONTRIBUTED

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TO A CLEARER UNDERSTANDING OF EXIMBANK POLICIES AND

PROCEDURES BY LOCAL BUSINESSMEN AND BANKERS, AND ALSO PROVIDED EXIMBANK WITH ADDITIONAL INSIGHTS INTO THE PERSONALITIES AND PRACTICES OF GREEK BUSINESS. WE ARE HOPEFUL THAT, IN LIGHT OF THE EXPANDING MARKET FOR US GOODS HERE AND THE POLITICAL IMPLICATIONS OF A LARGER EXIMBANK PRESENCE IN THE BROADER CONTEXT OF EVOLVING US-GREEK RELATIONS (SEE REF A), IMAGINATIVE WAYS CAN BE FOUND FOR EXIMBANK PROGRAMS TO TAKE ACCOUNT OF LOCAL BUSINESS PRACTICE AND COMPETITION OFFERED BY OTHER EXPORT FINANCING INSTITUTIONS. EMBASSY RECOMMENDS THAT THE POSITIVE MOMENTUM OF THE CASEY AND TUTINO VISITS BE MAINTAINED BY (A) PROMPT AND SYMPATHETIC CONSIDERATION BY EXIMBANK OF OUTSTANDING APPLICATIONS AND (B) FOLLOWUP MISSION, PERHAPS IN SPRING, TO CONTINUE PERSONAL CONTACTS WITH GREEK BUSINESSMEN INTERESTED IN US EQUIPMENT FOR THEIR INDUSTRIAL EXPANSION. END SUMMARY

2. SCHEDULE. EXIMBANK TEAM LEAD BY EXECUTIVE VICE PRESIDENT MATTHEW TUTINO AND SENIOR DEPUTY VICE PRESIDENT JAKC BIERMAN CONCLUDED THEIR SUCCESSFUL FIVE-DAY VISIT NOVEMBER 11. TEAM MADE OVER 30 CALLS, INCLUDING LEADING FIGURES IN GOVERNMENT (E.G. MINISTER OF COORDINATION PAPALIGOURAS, MINISTER OF FINANCE DEVLETOGLOU; IN BANKING (CENTRAL BANK GOVERNOR ZOLOTAS, NATIONAL BANK GOVERNOR ANGELOPOULOS); AND IN BUSINESS WORLD (SCALISTIRI GROUP, ASPROPYRGOS REFINERY, OLYPMIC AIRLINES, GENERAL CEMENT). IN ADDITION, TEAM HAD OPPORTUNITY TO MEET INFORMALLY WITH THESE AND OTHER LEADERS OF ECONOMIC COMMUNITY AT A VARIETY OF SOCIAL OCCASIONS, INCLUDING LUNCHEONS HOSTED BY BANK OF GREECE GOVERNOR ZOLOTAS AND BY THE PROPELLER CLUB (AT WHICH TUTINO DELIVERED WELL-RECEIVED SPEECH OUTLINING EXIMBANK PROGRAMS AND STRESSING THE BANK'S POSITIVE ATTITUDE TOWARD GREECE); AND AT DINNERS HOSTED BY NATIONAL INVESTMENT BANK (NIBID) MANAGING DIRECTOR GONTIKAS AND EMBASSY ECONOMIC/COMMERCIAL CLUNSELOR. AMBASSADOR KUBISCH INVITED TEAM TO PARTICIPATE IN ONE OF HIS REGULAR EVENING MEETINGS AT RESIDENCE WITH KEY GREEK AND U.S. BUSINESSMEN DIRECTLY INVOLVED IN LIMITED OFFICIAL USE

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BILATERAL TRADE AND INVESTMENT, WHICH PROVIDED AN OPPORTUNITY FOR A USEFUL EXCHANGE OF EXIMBANK PROGRAMS AND BUSINESS CONCERNS. THE TEAM ALSO VISITED SITES OF SEVERAL PROJECTS WITH SPECIAL U.S. EXPORT POTENTIAL, E.G., SCALISTIRI GROUP MAGNESITE COMPLEX, SCARAMANGAS SHIPYARDS, ASPROPYRGOS REFINERY, ATE-AVRAS (LOCAL CATEPILLAR AGENTS).

3. BASIC THEMES. TEAM'S PRESENCE AND REITERATION
OF EXIMBANK'S DESIRE TO SIGNIFICANTLY EXPAND ITS CURRENT
EXPOUSRE IN GREECE REINFORCED MOMENTUM CREATED
BY APRIL VISIT OF CHAIRMAN CASEY. ANNOUNCEMENT OF
ACCEPTANCE OF NIBID REQUEST FOR COOPERATIVE FINANCING
FACILITY LINE SERVED AS EXCELLENT CONCRETE
ILLUSTRATION OF EXIMBANK RESPONSIVENESS AND ATTITUDE TOWARD
GREECE. ON THEIR SIDE, GOG OFFICIALS STRESSED DESIRABILITY
OF CLOSER ECONOMIC/FINANCIAL TIES WITH U.S., AND GREECE'S
NEED FOR NEW SOURCES OF EXTERNAL FINANCING IN LIGHT OF
SERIOUS MEDIUM TERM BLANCE OF PAYMENTS PROBLEMS. LOCAL
BUSINESSMEN AND BANKERS PROVIDED FRESH INSIGHTS ON PROBLEM
AREAS IN EXIMBANK PROGRAMS AND PRACTICES, PARTICULARLY
COMPETITIVENESS WITH EUROPEAN FINANCING, SECURITY REQUIRE-
METNS AND TIMELINESS OF PROCESSING APPLICATIONS. IN TWO
INSTANCES, CONCLUSIVE EVIDENCE WAS PRESENTED THAT
COMPETING EXPORT FINANCING INSTITUTIONS HAD OFFERED
SIGNIFICANTLY BETTER TERMS THAN EXIMBANK FOR MAJOR
OVERSEAS PURCHASES. THE QUESTION OF SECURITY WAS
RAISED BY SEVERAL LOCAL BUSINESSMEN, WHO POINTED OUT THAT
EXIMBANK REQUIREMENTS COULD POSE SERIOUS STUMBLING BLOCK TO EXPANSION
OF EXIMBANK ACTIVITIES HERE, DUE TO LOCAL TRADITION OF
HIGHLY LEVERED FINANCIAL STRUCTURE, HIGH COST OF LOCAL

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CIEP-01 LAB-04 SIL-01 OMB-01 PRS-01 /058 W

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BANK GUARANTEES, AND APPARENT WILLINGNESS OF COMPETING
BANKS TO FOREGO SUCH REQUIREMENTS. POSSIBLE FORMULAE FOR

MEETING EXIMBANK SECURITY REQUIREMENTS WERE DISCUSSED
AND WILL BE FURTHER EXPLORED IN WASHINGTON.

4. MAJOR PROJECT. EXIMBANK VISIT COINCIDED WITH
FAVORABLE DEVELOPMENTS ON SEVERAL MAJOR PROJECTS, ENABLING
TIMELY PERSONAL EXPRESSION BY POLICY LEVEL EXIMBANK
REPRESENTATIVES OF BANK'S INTEREST IN SUPPORTING, AS FAR
AS POSSIBLE, U.S. INPUT. TEAM MET WITH PRINCIPALS
INVOLVED IN SCALISTIRI SEA WATER MAGNESITE PLANT (A \$50
MILLION PROJECT WITH OVERSEAS PROCUREMENT ESTIMATED AT
\$30 MILLION); BAUXITES PARNASSE ALUMINA PROJECT (\$250
MILLION) AND GENERAL EXPANSION; ASPROPYRGOS OIL REFINERY
EXPANSION AND ESTABLISHMENT OF AN ETHYLENE FACILITY
(\$250 MILLION); AND OLYMPIC AIRLINES FLEET EXPANSION
AND COMPUTERIZATION PROGRAM (REF C). (SEPARATE CABLES
WILL PROVIDE FURTHER DETAILS). IN ADDITION, TEAM DIS-
CUSSED FINANCING PROGRAMS WITH OFFICIALS OF BANKS WHICH
ARE IN THE PROCESS OF FORMING A BANKING CONSORTIUM TO
STIMULATE AND CHANNEL INVESTMENT INTO KEY SECTORS, A VEN-
TURE WHICH WILL, IF SUCCESSFUL, GENERATE SIGNIFICANT
EXPORT POTENTIAL FOR U.S. FIRMS (SEE REF. B). EMBASSY
BELIEVES THAT POSITIVE AND TIMELY EXIMBANK ACTION ON SUCH
PROJECTS WOULD REAP CONSIDERABLE ADVANTAGES TO U.S.
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EXPORTERS WHILE SIMULTANEOUSLY YIELDING SIGNIFICANT
POLITICAL DIVIDENDS AT THIS PARTICULAR STAGE OF U.S.-GREEK
RELATIONS.

5. NUTS AND BOLTS. CAPETS AND HARDEEN TOOK ADVANTAGE
OF SEVERAL EXTRA DAYS BEFORE ARRIVAL OF TUTINO AND
BIERMAN TO MAKE WORKING LEVEL CALLS AT U.S. AND GREEK
BANKS, BUSINESSES AND ACCOUNTING FIRMS. IN
PROCESS THEY WERE ABLE TO CLEAR UP SOME OUTSTANDING
BUSINESS, CLARIFY TECHNICAL POINTS ON EXIMBANK PROGRAMS,
AND ALSO ACQUIRE SOME USEFUL BACKGROUND, ON FIRST HAND
BASIS, ON THE COMPLEXITIES AND IDIOSYNCRACIES OF THE GREEK
BUSINESS WORLD.

6. PRESS COVERAGE. TEAM RECEIVED AMPLE AND FAVORABLE
TREATMENT BY THE PRESS, WHICH GAVE FACTUAL COVERAGE TO
THEIR MEETINGS, AND RELATED THEM TO THE APRIL CASEY
TRIP. MEETINGS WITH GOVERNMENT OFFICIALS AND SOME
BUSINESS LEADERS WERE REPORTED, AND ASPROPYRGOS EXPANSION
GENERALLY DESCRIBED AS THE MOST IMPORTANT PROJECT INVOLVED
IN THE TALKS (THE PRESS NOTED THAT U.S. FIRMS ARE
ACTIVELY ENGAGED IN NEGOTIATIONS ON THIS PROJECT.)
WIDE COVERAGE WAS ALSO GIVEN TO EXIMBANK'S APPROVAL OF
NIBID'S APPLICATION FOR A \$10 MILLION CFF LINE.
KUBISCH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS, BANKS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ATHENS08840
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750396-0886
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751144/aaaabmoq.tel
Line Count: 223
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ATHENS 2968, 75 ATHENS 8040, 75 ATHENS 8649
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2003 by BoyleJA>; APPROVED <14 OCT 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK: TUTINO MISSION TO GREECE
TAGS: EFIN, GR, XMB, (TUTINO, MATTHEW)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006